

**THE PEACE AND DISARMAMENT
EDUCATION TRUST**

ANNUAL REPORT

For the year 1 April 2007 to 31 March 2008

TRUSTEE

Secretary for Internal Affairs

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INTRODUCTION

The Peace and Disarmament Education Trust (PADET) was established as a charitable trust by Trust Deed on 3 May 1988. The initial capital came from the French government in recognition of events that surrounded the sinking of the Greenpeace vessel, the "Rainbow Warrior".

The Trust was established with an initial capital base of \$1,500,000. This was invested, and each year the Trust gives out most of the interest earned on this capital to appropriate projects. Some of the accrued annual interest received is reinvested in order to maintain the real value of the initial capital.

The Trust is administered by the Department of Internal Affairs.

OBJECTIVE OF THE TRUST

The objective of the Trust, as stated in the Trust Deed, is to "advance education, and thereby promote international peace, disarmament and arms control".

TRUSTEE

The PADET Trustee is the Secretary for Internal Affairs. Currently this is Brendan Boyle.

PACDAC: THE ROLE OF THE ADVISORY COMMITTEE

The Public Advisory Committee on Disarmament and Arms Control (PACDAC) was set up with the establishment of the New Zealand Nuclear Free Zone Disarmament and Arms Control Act 1987.

PACDAC is empowered under the Trust Deed to act as advisory trustees to PADET. PADET makes recommendations to the Trustee as to which projects should receive funding.

The Chair of PACDAC is the Minister for Disarmament and Arms Control. During 2007 - 2008, this was the Hon Phil Goff.

MEMBERSHIP OF PACDAC

- Minister for Disarmament and Arms Control (Chair)
- Hon Deborah Morris-Travers (Deputy Chair)
- Graham Fortune
- Richard Northey
- James Veitch
- Richard Randerson
- Pauline Tangiora
- Alyn Ware
- Mary Wareham
- David Capie

FUNDING ALLOCATION FOR 2007 - 2008

Interest earned from bonds and bank deposits enabled the Trustee to set the grant allocation at \$218,000, of which \$217,999.50 was awarded in grants.

During the year, Post Graduate Scholarships totalling \$56,000 were approved from PADET.

In addition, one-off grants totalling \$161,999.50 were approved.

POST GRADUATE SCHOLARSHIPS

The Trust awarded the following postgraduate scholarships for the 2007 - 2008 financial year:

Kate Farrell

Awarded \$14,000 for a Masters thesis on issues surrounding state non-compliance with the Nuclear Non-Proliferation Treaty (NPT) and the diplomatic strategies that can be utilised to resolve NPT non-compliance crises.

Laura Jacobs-Garrod

Awarded \$21,000 for a PhD thesis entitled "The humanitarian and the soldier: Partners for peace? A comparative study of US and New Zealand military NGO relations".

Rebekah Jourdain

Awarded \$21,000 for a PhD thesis on the effects of exposure to the testing of nuclear weapons; and the efficacy of a new therapy approach, Acceptance and Commitment Therapy, for health anxiety in the nuclear test veterans.

PROGRAMME FUNDING GRANTS

Programme Funding Grants were established in addition to one-off grants already offered. These grants were introduced to support multi year programmes.

Programme Funding Grants are usually for larger sums of money. Annual payments are made to projects that are awarded for a period of up to three years, and are consistent with the aims of the Trust.

There were no applications received, and no funding in this area was made in 2007 - 2008.

ONE-OFF GRANT FUNDING

Grant funding is usually given to one-off projects, or as seed funding to start a project with a view to ensuring its sustainability for the future. The following one-off grants were given in the 2007 – 2008 financial year.

Women's International League for Peace & Freedom Aotearoa (WILPF)

Awarded \$540 towards the cost of organising the 2007 national meeting and associated preparation of material.

Women's International League for Peace & Freedom Aotearoa (WILPF)

Awarded \$287.50 towards the cost of organising a lantern ceremony, in remembrance of the Hiroshima and Nagasaki bombings.

The Development Resource Centre

Awarded \$5000 towards the publication costs for a book of poems on global and development issues, particularly concerning peace and human rights, from new and established New Zealand poets.

The Peace Foundation

Awarded \$8320 towards developing practical educational tools and programmes for guidance and to foster understanding of peaceful relationships, targeted at young people.

TMI Pictures

Awarded \$10,000 towards the making of a documentary - "War with no Guns", depicting how the New Zealand Defence Force prevented civil war on the island of Bougainville.

Aotearoa Lawyers for Peace

Awarded \$7000 towards the promotion of various initiatives on disarmament (Nuclear Weapons Convention), at the Conference on Disarmament at the United Nations General Assembly.

International Physicians for the Prevention of Nuclear War (IPPNW)(NZ)

Awarded \$3069 to enable a number of New Zealand medical students to attend a conference in Australia.

International Physicians for the Prevention of Nuclear War (IPPNW)(NZ)

Awarded \$3512 towards a scoping study on small arms to raise the awareness of the level of small arms violence in Papua New Guinea.

The Disarmament and Security Centre

Awarded \$20,000 towards the cost for various disarmament education resources to be distributed to schools and Teachers' College Libraries; and to produce a book on the health effects of radioactive pollution and depleted uranium munitions.

Parliamentary Network for Nuclear Disarmament (PNND)

Awarded \$6000 towards the cost of production and distribution of 'Notes 2007', the hard copy of the organisations newsletter.

Dr Damian Skinner

Awarded \$5500 towards the cost to feature on a website the profiles and inspiring stories of New Zealand individuals who have made significant personal sacrifices for the cause of peace and disarmament.

Oxfam New Zealand

Awarded \$7000 towards the cost to educate/inform the greater public on the humanitarian threat posed by unexploded cluster munitions (in the lead-up to the Wellington Diplomatic Conference on Cluster Munitions).

Women's International League for Peace and Freedom (WILPF)

Awarded \$3600 towards administration costs and travel for their various members to attend national meetings.

International Physicians for the Prevention of Nuclear War (IPPNW)

Awarded \$3000 towards the cost of three New Zealand medical students attending the 18th IPPNW World Congress being held in India.

Aotearoa / NZ Centre for Peace and Conflict Studies Charitable Trust

Awarded \$6388 to assist with the establishment of the organisation's website and to print and distribute a brochure.

Aotearoa / NZ Cluster Munitions Coalition

Awarded \$23,941 to assist with activities associated with the official Wellington Conference on Cluster Munitions held in February 2008.

United Nations Association of New Zealand

Awarded \$8000 to assist with the running of the organisation's annual work programmes.

Earthwise Radio Trust

Awarded \$750 towards the cost to research and broadcast a weekly half hour community radio program on peace and justice.

Parliamentary Network for Nuclear Disarmament (PNND)

Awarded \$7300 to assist with costs associated with a PNND representative encouraging key African states to ratify Pelindaba.

International Security and Disarmament Division (ISED)

Awarded \$23,660 to enable the participation of Pacific Island countries in a large scale international conference on disarmament issues/cluster munitions in Wellington.

Kathryn Kenealy

Awarded \$7500 to assist with a legal internship in the Office of the Prosecutor, International Criminal Tribunal, for the former Yugoslavia.

Disarmament and Security Centre

Awarded \$1632 to assist a member to attend and to speak at various conferences and meetings in Dublin, Geneva and Belgium.

VISITING SPEAKERS PROGRAMME

As part of its objective to promote international peace, arms control and disarmament, the Trust supports a Visiting Speakers Programme. This allows overseas experts to come to New Zealand to meet with interested local groups and to deliver lectures on relevant issues. Provision was made for projects to receive funding under this programme.

During the 2007 – 2008 financial year there were no applications received or funded.

7 August 2008

Shirley Smith
Chief Financial Officer
Department of Internal Affairs
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WELLINGTON

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Dear Shirley

AUDIT FOR THE YEAR ENDED 31 MARCH 2008

Enclosed is the audit opinion and a copy of the signed financial statements for the year ended 31 March 2008. An unqualified audit opinion was issued on the Trust's financial statements.

We confirm that for the audit of the financial statements of the trust for the year ended 31 March 2008, we have maintained our independence in accordance with requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand (ICANZ).

There were no issues arising from the audit that we need to draw to your attention.

Yours sincerely



Jo Smail
Director

AUDIT REPORT
TO THE READERS OF
PEACE AND DISARMAMENT EDUCATION TRUSTS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008

The Auditor-General is the auditor of the Peace and Disarmament Education trust (the Trust). The Auditor-General has appointed me, Jo Smaill, using the staff and resources of Audit New Zealand; to carry out the audit of the financial statements of the Trust on his behalf for the year ended 31 March 2008.

Unqualified Opinion

In our opinion, the financial statements of the Trust on pages 1 to 9:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Trust's financial position as at 31 March 2008; and
 - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 31 July 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;

- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Trustees and the Auditor

The Trustees are responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Trust as at 31 March 2008 and the results of its operations and cash flows for the year ended on that date. The Trustees' responsibilities arise from clause 10 of the Trust Deed of the Trust.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and clause 10 (i) of the Trust Deed of the Trust.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Trust.



Jo Smail
Director
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

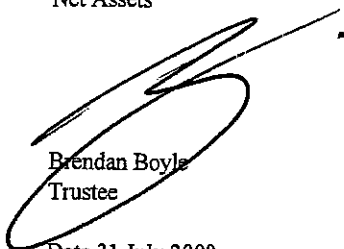
**PEACE & DISARMAMENT EDUCATION TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008**


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PEACE AND DISARMAMENT EDUCATION TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2008


	<u>Note</u>	2008 \$	2007 \$
Capital Fund	2,3	2,766,029	2,680,914
Accumulated Funds	3	(0)	96,240
Total Funds		<u>\$2,766,029</u>	<u>\$2,777,154</u>
These Funds are represented by:			
<u>Current Assets</u>			
Bank and Call Deposits	5	53,728	110,715
Accrued Interest		39,674	37,278
Local Authority Stock	6	200,000	99,019
New Zealand Government Stock	6	149,943	0
Mighty River Power	6	150,046	0
PGG Wrightson Finance	6	100,000	0
Westpac Term Deposits	6	100,000	400,000
Total Current Assets		<u>793,391</u>	<u>647,012</u>
<u>Less Current Liabilities</u>			
Accounts Payable		5,861	4,050
Grants, Scholarships and Prizes Payable		0	12,240
Total Current Liabilities		<u>5,861</u>	<u>16,290</u>
Working Capital Surplus / (Deficit)		787,530	630,722
<u>Non - Current Assets</u>			
New Zealand Government Stock	7	200,234	350,164
Local Authority Stock	7	0	200,000
Fletcher Building Capital Notes	7	115,000	115,000
Mighty River Power	7	0	150,415
PPCS Limited	7	80,000	80,000
Deutsche Bank AG	7	150,162	150,297
Merrill Lynch & Co	7	351,051	351,792
Fonterra Co-operative Bonds	7	106,734	0
Infratil Limited Bonds	7	150,261	150,344
PGG Wrightson Finance	7	0	100,000
Bank of New Zealand RID	7	202,218	202,859
Watercare Services	7	297,307	295,561
Powerco Bonds	7	137,364	0
Morgan Stanley Bond	7	188,168	0
Total Term Investments		<u>1,978,499</u>	<u>2,146,432</u>
Net Assets		<u>\$2,766,029</u>	<u>\$2,777,154</u>


Brendan Boyle
Trustee


Shirley Smith
Chief Financial Officer

Date 31 July 2008

The accompanying notes and accounting policies are an integral part of these financial statements.



**PEACE AND DISARMAMENT EDUCATION TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2008**

	<u>Note</u>	2008 \$	2007 \$
<u>Revenue</u>			
Interest from NZ Government Stock		23,063	23,000
Interest from Local Authority Stock		23,301	33,482
Interest from Mighty River Power Bonds		10,544	10,515
Interest from National Bank Bond		0	348
Interest from Fletcher Building Notes		8,694	9,263
Interest from Bank Deposits		34,389	21,267
Interest from Primus Financial Services		0	12,822
Interest from Deutsche Bank AG Bonds		10,739	10,710
Interest from PPCS Limited Bonds		8,700	7,954
Interest from Merrill Lynch & Co Bonds		24,675	24,675
Interest from Infratil Limited Bonds		12,405	12,375
Interest from Fonterra Co-operative Notes		325	2,286
Interest from PGG Wrightson Finance		8,088	5,501
Interest from Bank of New Zealand RTD		15,000	9,340
Interest from Watercare Services		20,370	9,208
Interest from Powerco Bonds		3,028	0
Interest from Morgan Stanley Bonds		4,704	0
Grants Refunded or Cancelled		603	3,914
Gain / (Loss) from sale of Investments		0	3,866
		<hr/>	<hr/>
Gross Revenue		208,628	200,526
		<hr/>	<hr/>
<u>Less Expenditure</u>			
Grants, Scholarships, and Prizes		216,368	130,095
Administration Costs	4	(129)	312
Audit Fee		5,861	4,050
Amortisation of premium / (discount) on fixed term investments		(2,347)	(929)
		<hr/>	<hr/>
Total Expenditure		219,753	133,528
		<hr/>	<hr/>
Net Surplus (Deficit) for the Year (before transfer to Capital Fund)	3	(\$11,125)	\$66,998
		<hr/>	<hr/>

The accompanying notes and accounting policies are an integral part of these financial statements.

**PEACE AND DISARMAMENT EDUCATION TRUST
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2008**

	<u>Note</u>	2008 \$	2007 \$
Opening Funds as at 1 April -		2,777,154	2,710,156
Net Surplus (Deficit) for Year		(11,125)	66,998
Total Recognised Revenue & Expenses for the Year		(11,125)	66,998
Closing Funds as at 31 March		2,766,029	2,777,154
Comprising:			
Capital Fund	3	2,766,029	2,680,914
Accumulated Funds	3	0	96,240
Total Funds per Statement of Financial Position		\$2,766,029	\$2,777,154

The accompanying notes and accounting policies are an integral part of these financial statements.

**PEACE AND DISARMAMENT EDUCATION TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2008**

	<u>Note</u>	2008 \$	2007 \$
<u>Cash Flows from Operating Activities</u>			
Cash was provided from:			
Interest received		205,629	201,072
Grants refunded		603	3,904
Cash was disbursed to:			
Payments for grants, scholarships and prizes		(228,608)	(154,025)
Payments to suppliers		(3,919)	(4,148)
Net Cash Flows from Operating Activities	8	<u>(26,295)</u>	<u>46,803</u>
<u>Cash Flows from Investing Activities</u>			
Cash was provided from:			
Proceeds from maturity of investments		500,000	1,113,867
Cash was applied to:			
Purchase of investments		(530,692)	(1,096,399)
Net Cash Flows from Investing Activities		<u>(30,692)</u>	<u>17,468</u>
Net Increase/(Decrease) in Cash Held		(56,987)	64,271
<u>Add Bank and Call Deposits at 1 April</u>	5	<u>110,715</u>	<u>46,444</u>
Bank and Call Deposits at 31 March	5	<u><u>\$53,728</u></u>	<u><u>\$110,715</u></u>

The accompanying notes and accounting policies are an integral part of these financial statements.

**PEACE AND DISARMAMENT EDUCATION TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007**

Note 1: Reporting Entity

The Trust fund arose from a grant by the New Zealand Government from an allocation of the Rainbow Warrior Compensation monies. The Trust was formally established on 3 May 1988 by the signing of a trust deed. The funds are applied in terms of the trust deed for charitable purposes.

Note 2: Statement of Accounting Policies

Measurement Base

The financial statements have been prepared on an historical basis.

Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Revenue

The Trust derived income from its investments and grants refunded. Such income is recognised when earned and is reported in the period to which it relates.

Accounts Receivable

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectable debts.

Investments

Normally investments are held to maturity.

Investments are stated at cost adjusted for amortised discount or premium. The discount or premium arising from the purchase of an investment is amortised over the term to maturity on a straight line basis.

Expenditure

Grants, scholarships and prizes are recognised as expenditure when approved by the Trustee.

Capital Fund

A transfer is made from the accumulated fund to the capital fund, at the end of each financial year, equivalent to the increase in the Consumer Price Index for the year. This is for the purpose of maintaining the fund in real terms. The capital fund is non-distributable.

Financial Instruments

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, debtors, creditors and investments. All financial instruments are recognised in the statement of financial position and all revenue and expenses in relation to financial instruments are recognised in the statement of financial performance.

Taxation

The Trust holds a certificate of exemption from Resident Withholding Tax.

Goods and Services Tax (GST)

The Trust is not GST registered. The financial statements have been prepared on a GST inclusive basis.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts and demand deposits in which the Trust invests as part of its day to day cash management.

Operating activities include all activities other than investing activities. The cash inflows include all receipts from the sale of goods and services and other sources of revenue that support the Trust's operating activities. Cash outflows include payments made to Fellows, suppliers and for taxes.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities.

Change in Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements

**PEACE AND DISARMAMENT EDUCATION TRUST
NOTES - CONTINUED**

Note 3: Movement in Funds

	2008	2007
	\$	\$
Closing Funds at 31 March	2,766,029	2,777,154
Represented By:		
Capital Fund		
Opening balance	2,680,914	2,615,526
*Transfer from Accumulated Funds for Capital maintenance	85,115	65,388
Closing balance	2,766,029	2,680,914
Accumulated Fund		
Opening balance	96,240	94,630
Net (Deficit) / Surplus for the year	(11,125)	66,998
*Transfer to Capital Fund for Capital maintenance	(85,115)	(65,388)
Closing balance	0	96,240

*The amount is based on the Consumer Price Index from 1 April 2007 to 31 March 2008 applied to the balance in the Capital Fund at the beginning of the year. The increase in CPI over this period was 3.40%. At 31 March 2008 there was insufficient Accumulated Funds to transfer 3.40%. Therefore, only 3.17485% of the Capital Fund was transferred.

Note 4: Administration Costs

The administrative costs of (\$129) shown in the Statement of Financial Performance are the only such costs borne by the Trust. From 1 July 2005 the Department of Internal Affairs became obligated to provide administrative and accounting support to the Trust. The value of this support is assessed at \$24,806.25 (previous year \$23,152.50).

**PEACE AND DISARMAMENT EDUCATION TRUST
NOTES - CONTINUED**

Note 5: Bank and Call Deposits	2008	2007
	\$	\$
Westpac Banking Corporation Cheque Account	9,728	215
Westpac Banking Corporation Money Market Call Deposit	44,000	110,500
Total Bank and Call Deposits	<u><u>\$53,728</u></u>	<u><u>\$110,715</u></u>

Note 6: Short Term Investments due within 12 Months

	<u>Book Value</u>	<u>Market Value</u>	<u>Face Value</u>	<u>Yield to Maturity</u>	<u>Maturity Date</u>
	\$	\$	\$	%	
New Zealand Government Stock	149,943	151,147	150,000	6.15%	15-Jul-08
Westpac Term Deposit	100,000	100,000	100,000	8.15%	20-Apr-08
Mighty River Power	150,046	150,431	150,000	6.72%	15-May-08
Whangarei District Council	200,000	199,086	200,000	7.13%	30-Jun-08
PGG Wrightson Finance	100,000	100,000	100,000	8.00%	21-Jul-08
	<u><u>\$699,989</u></u>	<u><u>\$700,664</u></u>	<u><u>\$700,000</u></u>		

Note 7: Long Term Investments

	<u>Book Value</u>	<u>Market Value</u>	<u>Face Value</u>	<u>Yield to Maturity</u>	<u>Maturity Date</u>
	\$	\$	\$	%	
New Zealand Government Stock	200,234	203,478	200,000	6.88%	15-Jul-09
	<u>200,234</u>	<u>203,478</u>	<u>200,000</u>		
Fletcher Building Notes	115,000	107,045	115,000	7.55%	15-Mar-11
PPCS Limited	80,000	80,856	80,000	10.25%	15-Dec-10
Deutsche Bank AG	150,162	148,872	150,000	7.03%	16-Jun-09
Merrill Lynch & Co	351,051	332,537	350,000	6.80%	2-Sep-09
Infratil Limited	150,261	140,025	150,000	8.18%	15-May-11
Bank of New Zealand Bond	202,218	193,206	200,000	7.11%	15-Sep-11
Watercare Services	297,307	299,503	300,000	7.45%	19-Oct-09
Powerco Bond	137,364	128,273	150,000	8.51%	29-Mar-13
Morgan Stanley Bond	188,168	184,887	200,000	9.25%	30-May-14
Fonterra Co-operative	106,734	111,329	120,000	9.29%	21-Apr-14
	<u><u>\$1,978,499</u></u>	<u><u>\$1,930,011</u></u>	<u><u>\$2,015,000</u></u>		

Book value represents the cost of the stock plus amortisation of discount or premium on purchases over the period the investments have been held.

**PEACE AND DISARMAMENT EDUCATION TRUST
NOTES - CONTINUED**

Note 8: Reconciliation from reported Surplus for the Year to Net Cash Flows from Operating Activities

	2008	2007
Reported Surplus (Deficit) for the Year	\$ (11,125)	\$ 66,998
Adjustments for movements in working capital items:		
Decrease / (Increase) in Accrued Interest	(2,396)	8,327
(Decrease) / Increase in Accounts Receivable	0	0
(Decrease) / Increase in Accounts Payable	1,811	214
(Decrease) / Increase in Grants, Scholarships and Prizes Payable	(12,240)	(23,940)
	(12,825)	
Adjustments for items classified as investing activities:		
Amortisation of Discount/Premium on Fixed Term Investments	(2,345)	(932)
Gain on Sale of Investment	0	(3,866)
Net Cash Flows from Operating Activities	<u>(\$26,295)</u>	<u>\$46,803</u>

Note 9: Financial Instruments

Off Balance Sheet Exposure:

The Trust had no off balance sheet exposure at 31 March 2008 or during the financial year then ended. There was also no off balance sheet exposure in the previous year.

Credit Risk:

The Trust has an investment strategy which limits the percentage of funds that can be invested in different types of securities. In addition maturity dates are required to be spread over several years in order to minimise risk. Detailed below are the maximum or minimum percentages allowed in each type of security and the amount actually invested based on book value at 31 March 2008.

<u>Asset Sector</u>	Benchmark	Range	Actual 31/3/2008
New Zealand Fixed Interest	65%	55% - 75%	98%
Cash	5%	0% - 20%	2%
Equities	30%	10% - 40%	0%
	<u>100%</u>		<u>100%</u>

The Investment Strategy was amended during the financial year and there are no direct comparisons to the previous year. The Trustee has approved investments being outside the ranges until December 2008.

Interest Rate Risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There are no interest rate options or interest rate swap options in place as at 31 March 2008 (2007 Nil). The Trustee does not consider that there is any significant interest exposure on the Trust's investments.

Foreign Currency Risk:

All grants are made in New Zealand currency. Any currency movement would have no effect on the Trust.

Fair Value:

Investments are generally held until maturity. Stocks are recorded at cost adjusted for amortisation of premium or discount on purchase. Cash deposits are recorded at cost. The carrying cost of financial assets is the fair value.

**PEACE AND DISARMAMENT EDUCATION TRUST
NOTES - CONTINUED**

Note 10: Commitments

There were no commitments as at 31 March 2008 (31/3/2007 : Nil)

Note 11: Contingent Liabilities

There were no contingent liabilities as at 31 March 2008 (31/3/2007 : Nil)

Note 12: Related Parties

The Secretary for Internal Affairs is also the Trustee of the Peace and Disarmament Education Trust as allowed for in the Trust Deed. As such he has the power to invest funds and expend Trust funds at his discretion in meeting the objectives of the Trust.

Refer to Note 4 for the value of administrative support provided by the Department of Internal Affairs.

Note 13: Adoption of New Zealand Equivalents to International Reporting Standards (NZ IFRS)

The FRSB has released a decision that the adoption of NZIFRS may be delayed for entities that are not subject to the Financial Reporting Act 1993 or otherwise required to comply with financial reporting standards approved by the ASRB, are not "publicly accountable", and not "large" as defined in the Framework for Differential Reporting. As a result the Peace and Disarmament Education Trust has delayed the adoption of NZIFRS.

JA